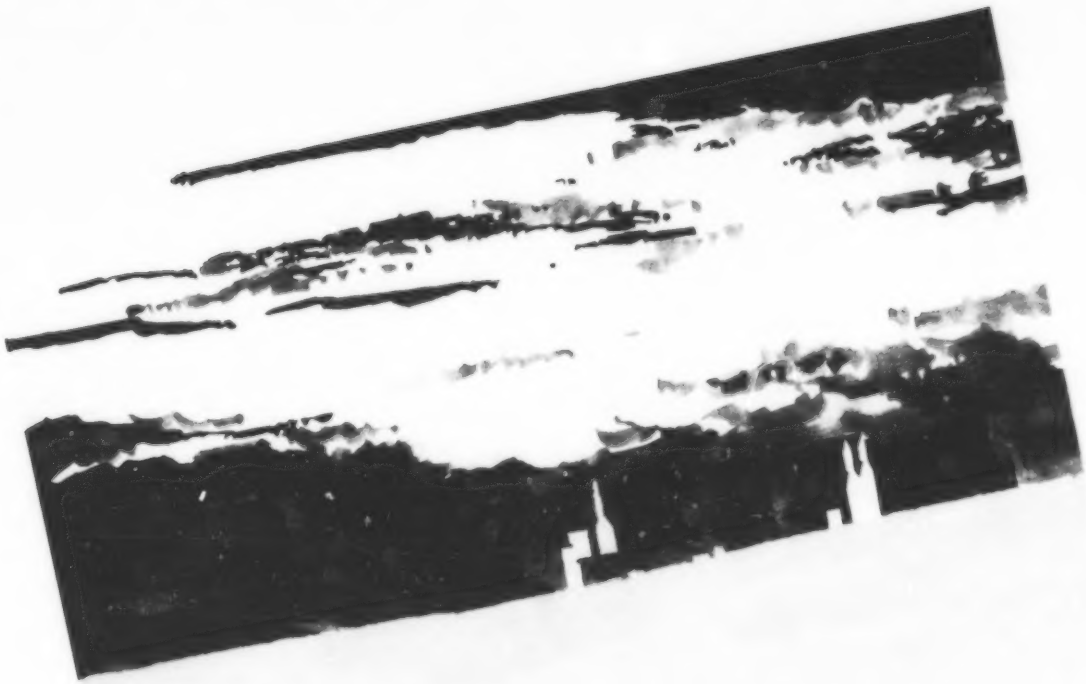
Alberta Hail & Crop Insurance Corporation



21st. Annual Report
For the year ended March 31, 1988

Alberta

90-06060/

CANADA · ALBERTA
Crop Insurance

5718 56th AVENUE, BAG SERVICE NO. 16, LACOMBE, ALBERTA T0C 1S0 TELEPHONE 782-4661

November 1, 1989

The Honourable Shirley McClellan
Associate Minister of Agriculture
Province of Alberta
126 Legislature Building
Edmonton, Alberta

Dear Madame:

It is my privilege to submit herewith the Twenty-first Annual Report of the Alberta Hail and Crop Insurance Corporation.

This report, submitted in accordance with Section 9 of the "Hail and Crop Insurance Act" being Chapter H-1 R.S.A. 1980, includes a summary of operations and the audited financial statements for the fiscal year ending March 31, 1989.

Respectfully submitted,

Jim W. Daines

James W. Daines
Acting Chairman
Board of Directors

ALBERTA HAIL AND CROP
INSURANCE CORPORATION

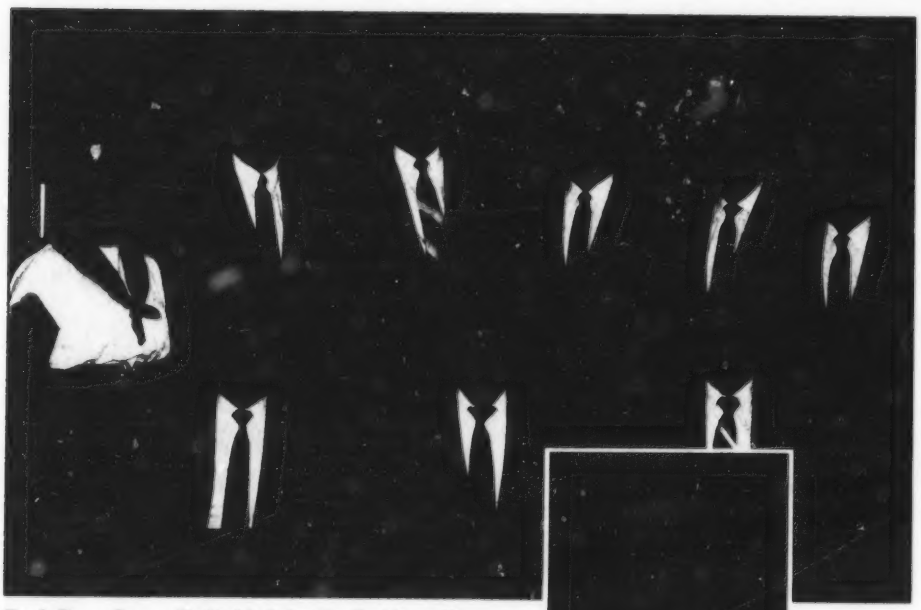
Board of Directors

Alberta Hail and Crop Insurance Corporation

Peter Trynchy, M.L.A. Mayerthorpe	—Chairman To February 18, 1989
James W. Daines Innisfail	—Acting Chairman Effective February 18, 1989
Susan Duffield Cereal	—Director
Albert Kooy Lethbridge	—Director
John Krall Nampa	—Director
Harvey Lehr Fort Assiniboine	—Director
Frank Schwengler St. Paul	—Director
Jerry Thacker Burdett	—Director Appointed February 16, 1989
E.A. Patching Lacombe	—Executive Secretary

Principal Officers

Glenn M. Gorrell, B.S.A.	—General Manager
L.G. Bannerman, C.A.	—Comptroller
Louis H. Nelson, C.M.A., C.A.M.	—Office Manager
Rodney A. Rains, B.Sc.	—Director of Research
A.E. (Bert) Sager	—Director of Country Operations To June 1, 1988
Dwayne Campbell	—Director of Country Operations Effective June 1, 1988



Back Row: Susan Duffield, John Krall, Albert Kooy, Jerry Thacker, Frank Schwengler, Harvey Lehr
Front Row: Glenn Gorrell, General Manager; James Daines, Acting Chairman; Edwin Patching, Executive Secretary

Peter Trynchy, M.L.A., Chairman to February 18, 1989

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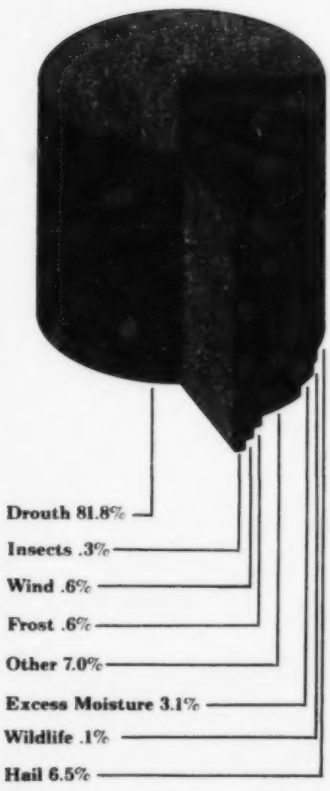
Directors' Report

Total Alberta Crop Insurance Losses 1988 Crop Year (Excluding Hail Endorsement)



Organization

The Alberta Hail and Crop Insurance Corporation is a crown corporation of the Province of Alberta, established under the authority of the Hail and Crop Insurance Act 1969. The Act provided for the merger of the Alberta Hail Insurance Board and the Alberta Crop Insurance Corporation. Under the terms of the Act, the stated objectives of the Corporation are to carry on the business of hail insurance and crop insurance.

The Act also states that in carrying on its business the Corporation is to maintain accounts and records in such a manner that all income, expenditure and equity relating to hail insurance and to crop insurance can be accurately determined. Separate accounting is required since the hail insurance program is entirely self-sustaining and receives no subsidies, whereas the crop insurance program is supported by both the federal and provincial governments.

The Act provides for the appointment by the Lieutenant-Governor-in-Council of a Board of Directors, of an undetermined number, whose duty is to "conduct the affairs of the Corporation". Currently the full complement of the Board of Directors consists of eight persons. It has been policy that all Directors must be actively engaged in farming.

In the interests of efficiency and economy, the hail and crop insurance programs are administered by a common staff and adjusting is carried out by the same adjusters. Where administrative expenses can be positively identified they are allocated directly to each program. Other unallocated expenses are apportioned according to formula based mainly on the number of contracts in each program.

The Corporation's head office is located in Lacombe where there are approximately 40 full-time employees. Additional staff is hired on a temporary basis in accordance with the season's needs.

There are fifty-four service offices strategically located throughout the province, basically one per county or municipal district, though there are several offices where municipal boundaries are not followed and which serve parts of more than one municipality. For administrative purposes the province is divided into seven regions, each with a Regional Supervisor in charge.

While crop insurance is sold and serviced through the District Offices, hail insurance is mainly sold by approximately 350 commission agents. The District Offices are also authorized to sell hail insurance. Claims and claim adjustments for both programs are channelled through the District Offices.

Activities of the Board of Directors

Eleven regular monthly meetings and two special meetings of the Board of Directors were held during the 1988-89 fiscal year. In addition the Directors attended the Western Regional Crop Insurance Conference held in Regina on June 23 and 24, 1988.

Throughout the year the Directors dealt with the normal administrative operations of the Corporation and considered a substantial number of appeals. Much of the meeting time was devoted to consideration of policy changes intended to improve or enhance the crop insurance program to make it better suit the needs of farm people. Discussion continued on such major changes as revision of risk area boundaries and, closely related to this, a new method of indexing coverages and premiums so they relate more closely to the actual production capabilities and loss experience of the individual policyholders. Plans are proceeding for implementation of the indexing concept to crop insurance in 1990.

Also of major concern to the Directors were revisions to the forage insurance program which would improve accuracy in determining forage production and losses, and improve actuarial soundness.

A special meeting in June was held to finalize plans for the 1989 crop insurance program, while the October meeting concentrated on changes for the 1989 forage program.

The Western Regional Conference provided an opportunity for the Boards of Directors and senior staff members from the four western provinces to exchange information and ideas on crop insurance. A major item on the agenda was the discussion and the reaching of a consensus on 1989-90 price options for cereal and oilseed crops so that they would be uniform throughout the West.

The regular July meeting was held in conjunction with a tour of the east-central and southeastern portions of the province, at which time the Directors were able to see first hand the disastrous effects of the 1988 drouth on pasture, forage and grain crops. The tour included on-farm visits throughout the area, as well as meetings where individual farmers could meet with the Directors to present their views on the crop insurance program. Discussion and the suggestions of policyholders relative to the forage insurance program were of particular interest to the Directors.

During the same tour, the Directors had the opportunity of visiting a number of irrigated farms producing such specialized crops as fresh vegetables, onions, dry beans, sugar beets and soft white spring wheat. They also visited the bean processing plant in Bow Island.

Special appreciation is extended to the following M.L.A.'s who organized and hosted the tour: Shirley McClellan, Chinook; Tom Musgrove, Bow Valley; and Alan Hyland, Cypress-Red Cliff. Thanks is also extended to those volunteers from the area who acted as tour guides for the Directors.

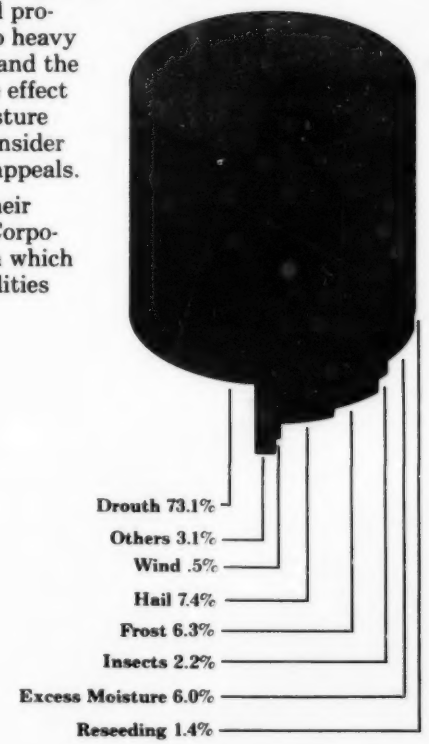
The August meeting of the Directors was held in Mayerthorpe. At that time local District Agriculturists met with the Directors and presented their views on crop insurance, with particular reference to special conditions that exist in the northwestern section of the province.

On March 18, 1989, Peter Trynchy, M.L.A., Chairman of the Board of Directors, tendered his resignation so that he could again stand as a candidate in the then forthcoming provincial election. James W. Daines was named Acting Chairman. Effective February 16, 1989, Jerry Thacker, an irrigation and dryland farmer from the Burdett district in southern Alberta, was named to the Board of Directors. He was a member of the Review Panel for the Canada-Alberta Crop Insurance Review carried out in 1986.

Though grain production in Alberta in 1988 was above average, crops over a wide area were severely reduced by drouth and this resulted in a heavy workload for the staff in the adjusting and processing of claims. There was also heavy pressure on both the employees and the Directors because of the adverse effect of the drouth on the hay and pasture crops, making it necessary to consider more than the usual number of appeals.

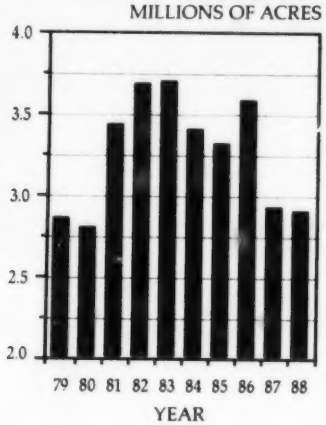
The Directors wish to express their appreciation to the staff of the Corporation for the efficient manner in which they carried out their responsibilities during this very busy year.

Total Alberta Crop Insurance Losses 1981-88 Crop Years (Excluding Hail Endorsement)



Alberta Hail Insurance

Acres Insured by Year



Hail Insurance

1988 marked the 51st year of the Corporation's hail insurance program. It was established in 1938, and for the first thirty-four years was offered by the Alberta Hail Insurance Board. Since 1969, when the Alberta Hail Insurance Board and the Alberta Crop Insurance Corporation were merged, it has been a program of the Alberta Hail and Crop Insurance Corporation. Detailed records of coverage, premium, and losses go back over this period giving the Corporation the benefit of this long-time experience in determining risk and setting premium rates for all areas of the province.

The hail insurance program operates separate and apart from crop insurance and is entirely self-sustaining with no outside subsidies. In the interest of economy and efficiency there is a common administration and adjustment of claims though completely separate financial records are maintained.

It has been a policy of the hail program to set premiums at a level that will cover the administrative costs, normal losses and build a reserve for use in years of excessive loss. In years of favourable experience earnings above these requirements are returned to policyholders as premium refunds.

Prior to the commencement of each year, the loss experience is reviewed for each individual township in the province and premiums are adjusted based on this experience. For 1988 premium rates were reduced in 461 townships and increased in 114 townships, while rates in 2,265 townships remained unchanged. The average premium rate charged was 7.18%, taking into account all crops.

Maximum coverage offered in 1988 remained at $125 per acre for most crops, though vegetables, potatoes and sugar beets could be insured for up to $250 per acre. Full cover, and 10% and 25% deductible policies were offered.

The 1988 Experience

In 1988 the number of hail insurance policyholders and the amount of risk carried increased slightly over 1987 levels, but still remained below the peak years of 1982 and 1983. This reduction could be attributed to continuing low prices for grains and the effects of a series of below average crops in recent years.

In all, 8,604 farmers purchased hail insurance from the Corporation, risk reached $201,009,609, premiums totalled $14,556,504 and indemnities amounted to $7,131,316.

While more than the usual amount of hail occurred early in the season, the incidence of hail during the remainder of the season was well below normal. The loss-to-premium ratio for the year amounted to only 48.99% compared to the long-time loss ratio of 70.23%.

Premium Refunds and Reserves

Because of the favourable loss experience in 1988 the Corporation was able to declare a refund of 30% of premium to non-claimants and a 15% refund to those with claims. This refund totalled $3,863,325. It was still possible to add $3,800,504 to reserves, bringing accumulated reserves at year-end to $27,530,614.

The eligibility conditions to qualify for a premium refund have been changed. Beginning with the 1988 crop year each township is considered separately in determining the level of refund to which a policyholder is entitled. Should a policyholder have insured acreage in two or more townships but receive an indemnity for loss due to hail in only one, he or she will still be entitled to the full premium refund on insurance carried in the other townships. Previously a policyholder receiving any indemnity would be classed as a "claimant" for all insured acreage. This change in policy eliminates any inequity which may have existed for farmers whose land is widely spread.

Reinsurance

The Corporation continued to carry reinsurance against the possibility of unforeseen and devastating losses due to hail which could exceed its premium income and deplete reserves. The reinsurance agreement for 1988 had provision to cover 90% of all losses exceeding the current year's premium, to a maximum of $5,000,000. Because of the low level of losses in 1988 no claim was made against the reinsurance, nor has any claim been made on reinsurance in prior years. Nonetheless the Directors regard the reinsurance as a necessary measure to protect the viability and stability of the hail insurance program. The cost of the reinsurance in 1988 was $323,674 or 2.2% of total premium.

Chronological Summary of Hail Storms in 1988

Hail storms causing crop damage were reported on 30 days during the 1988 growing season, compared to the long-time average of 51 days.

The most damaging storms were as follows:

June 5	—Wetaskiwin, Camrose
June 10	—Camrose, Vegreville
June 27	—Stony Plain
June 28	—Castor, Sedgewick, Irma; Cardston, Fort Macleod
July 5	—Coronation, Brownfield
July 7	—Magrath, Lethbridge, Barnwell
July 12	—Olds, Bowden, Red Deer; Camrose
July 14	—Spruceview, Eckville
July 27	—Innisfail, Eckville; Rocky Mountain House
August 9	—Red Deer, Sylvan Lake, Eckville
August 18	—Cremona; Rockyford, Carbon, Drumheller
August 19	—Morrin
August 20	—Consort; Wainwright
August 29	—Fort Vermilion
September 7	—Red Deer

Canada-Alberta Crop Insurance

Canada-Alberta Crop Insurance is a joint program of the federal and provincial governments, the purpose of which is to protect farmers against serious crop loss caused by any of the natural perils. Its aim is to provide stability and security to both the participating farmers and the farm community.

Under this voluntary program policyholders are offered a production guarantee for each insured crop and should they produce less because of adverse weather, insect damage or plant disease, they are paid for the shortfall at a pre-selected dollar value per unit of production. The aim is to provide a guaranteed return roughly equivalent to the out-of-pocket costs of growing the crop. Where the value of the crop is reduced because of low quality, this is taken into account in calculating any award which may be payable.

Under terms of the Canada Crop Insurance Act, coverage may be offered up to 80% of the long-term average yield of an area or an individual farmer. However, in Alberta the 80% level is only offered for some of the specialty crops and the forage program, and for cereals and oilseeds coverage has been limited to the 70% level.

Ordinarily, more than one price option is offered for insurable crops to provide the policyholder with a degree of flexibility in tailoring the insurance to his or her needs. But in the past few years of depressed market prices, only one option has been offered for the cereals and oilseeds and this was continued in 1988. Because crop insurance is not set up to guarantee prices, this option has been set as closely as possible to the projected market price. As a result of the low grain prices, returns guaranteed by crop insurance fell short of production costs for most farmers in 1988. This was an area of major concern both to policyholders and the Board of Directors.

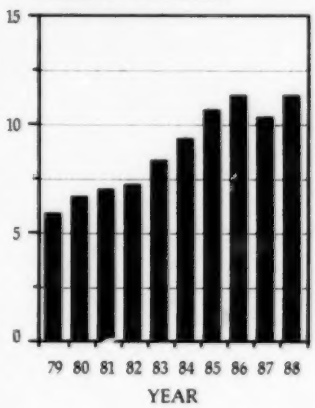
Farmers insuring grains and oilseeds under the crop insurance program have, in recent years, been able to obtain coverage based on "area averages" or they have been able to elect Individual Coverage. With Individual Coverage their coverage is based on the yields they alone produce and not the average of all farmers in their area. This program has become increasingly popular, particularly to the higher-than-average producer, and in 1988 attracted approximately 4,050 participants. For most of the specialty crops, coverage for all policyholders is established on the basis of their own yield records.

Costs of the crop insurance program are shared by farmers and the federal and provincial governments. The government of Alberta administers the program, and covers all of the administrative costs. The premiums are shared equally between policyholders and the government of Canada, although in Alberta the province picks up a portion of the farmers' share in the areas of higher risk. In the 1988-89 fiscal year contributions were as follows: government of Alberta—$8,852,986 in administrative expenses plus another $5,528,741 in high-risk subsidy, for a total of $14,381,727; government of Canada—$66,696,615; and farmers—$61,819,114.

Prior to the end of the fiscal year the federal government advised the provinces that it wished to negotiate a more equitable sharing of costs between federal and provincial governments. A National Crop Insurance Review was initiated involving all of the provinces of Canada to look at this issue as well as other changes in the crop insurance programs which would make crop insurance more responsive to the needs of Canadian farmers. The review commenced in the closing months of 1988-89, and is to be completed so that any recommended amendments in legislation can be made in time to allow implementation of changes and enhancements in crop insurance for 1990.

Canada-Alberta Crop Insurance Program

Acres Insured by Year
(Excluding Hay and Pasture Insurance)



Changes in the Crop Insurance Program

Several significant changes were made in the crop insurance program for 1988:

(1) New Crop Added
Crop insurance coverage was extended to include safflower in 1988. While not a major crop, it is being grown by a number of farmers in southern Alberta to diversify their operations.

(2) Individual Coverage
(a) The final date for making application for Individual Coverage was moved to April 30 of the year in which the insurance applies from the former deadline of October 31 of the previous year.
(b) Quality is no longer taken into account in calculating crop yields used in setting coverages under this program. Previously yields used in the calculations of coverage were reduced if the quality was low. This is an advantage to the policyholder following years where grain quality is reduced by inclement weather.

(3) Coverage Adjustment
The coverage adjustment schedule for farmers remaining under the basic crop insurance program (as opposed to those on Individual Coverage) was amended. Henceforth, there will be no further upward adjustments in coverage following loss-free years. Policyholders will continue to maintain their present adjustment with each loss-free year, but following a loss a downward adjustment in coverage will take place. This change was made to encourage policyholders to move into the Individual Coverage program where the level of coverage is determined by the policyholder's own actual yields.

(4) Floating Price Option
Provision for a floating price option was introduced. While only one price option was offered for the grain and oilseed crops, a feature was added whereby if there was a major upswing in grain prices prior to seeding time, a second option at a higher level would apply to those farmers making this election. While market prices for the 1988 crop did show a big improvement over those of the previous year, the major portion of this did not take place until after seeding, and as a result the floating option did not trigger.

1988 Crop Conditions

Overall grain production in Alberta was average or better in 1988, but the good crops were not uniformly distributed as crops in a substantial portion of the province were drastically reduced by drouth. An open winter with very little snow, following drouth that began in 1987, had created conditions which were less than optimistic as the season began. At seeding time soil moisture conditions were rated as only poor to fair in most regions. During the growing season most moisture came in the form of showers that were not uniformly distributed. Conditions in central and northern districts improved as the season progressed and better than average crops were produced. But the east and south did not fare well and yields were reduced to very low levels, and many crops were worked down or cut for feed.

Hail damage to grain crops in 1988 was well below normal.

Because of the dry spring, hay and pasture crops produced poorly in all but the northwest and northern regions of the province. In the extreme south and east there was very little growth.

Harvest was completed in good time and crops were taken off in good time and in generally excellent condition. Quality was well above that of recent years. The Alberta Wheat Pool estimated 95% of the wheat graded #3 C.W. or better, 93% of the barley #1 C.W. or better, and 96% of the canola #2 Canada or better.

Average per acre yields as estimated by the Alberta Wheat Pool for the major crops were as follows: Red Spring Wheat —776 kgs (28.5 bus.); Soft White Spring Wheat—1572 kgs (57.8 bus.); Winter Wheat—514 kgs (18.9 bus.); Durum Wheat—624 kgs (22.9 bus.); Oats—1118 kgs (72.5 bus.); Barley—1205 kgs (55.3 bus.); Fall Rye—524 kgs (20.6 bus.); Canola —498 kgs (22.0 bus.)

The 1988 Crop Insurance Season

The drouth which caused extensive damage to crops over a wide area in Alberta resulted in a substantial increase in indemnities paid under the basic crop insurance program. Claims paid totalled $93,507,677 compared to $47,591,108 in the previous year. These losses exceeded premium of $78,026,645, resulting in a loss-to-premium ratio of 119.8% compared with only 72.16% in 1987-88.

Hail Endorsement

The less than normal hail damage to grain crops resulted in a substantial net surplus under the hail endorsement in 1988. Hail endorsement indemnities paid under this program totalled only

$19,246,688 compared to total endorsement premium income of $38,625,568. The loss-to-premium ratio was 49.80%, compared with a loss ratio of 71.99% in 1987-88.

The hail endorsement, offered as an optional benefit, is an attractive feature of the crop insurance program and is taken by nearly 90% of all policyholders. It provides spot-loss protection against hail damage equal to that under the basic insurance, though combined indemnities for hail losses and production shortage on any crop are limited to the policyholder's total coverage for the crop. For this added protection the policyholder pays an additional premium of only 40% of the normal hail insurance rate. The endorsement is available for all insurable crops except vegetables for processing, alfalfa for processing, honey, and hay and pasture crops.

High-Risk Subsidy

The government of Alberta continued its policy of paying a portion of the farmers' share of crop insurance premiums in areas where, because of the high level of risk in growing crops, the full premium needed to make the program actuarially sound may be considered not affordable by many producers. Under this policy the province pays all of the farmers' share of premiums exceeding 6% of coverage on crops insured at the 60% coverage level and the excess over 8% at the 70% coverage level. This subsidy applies only to the basic grain and oilseed program, but not to special crops and is not applicable to the hail endorsement.

This plan was initiated in 1975, and since that time the total high-risk subsidy paid by the province has been $37,354,412. For 1988 the subsidy totalled $5,528,741.

1988 Drouth Assistance Programs

Though not directly involved, the Alberta Hail and Crop Insurance Corporation cooperated in the development and administration of the drouth assistance programs implemented in the prairie provinces by the federal and provincial governments to supplement crop insurance because of the widespread and severe nature of the 1988 drouth.

For the **Greenfeed Program**, the Corporation accepted the applications for assistance at its District Offices and Corporation adjusters made the field inspections to verify plantings. This program was intended to encourage farmers to seed extra acreage to greenfeed to help alleviate a critical shortage of livestock feed.

The Corporation's District Offices accepted the applications under the **Livestock Drouth Assistance Program**, but it was not involved in the on-farm inspections. This program was initiated to assist livestock producers who experienced feed shortages because of the drouth and who had not availed themselves of forage insurance. The benefits were paid to both insured and non-insured producers making application in the eligible areas.

The Corporation's involvement in the **Grain Assistance Program** was mainly that of providing statistical data on 1988 and average long-term yields. This data was used in calculating the assistance payments. Some field audits were also conducted by Corporation adjusters for the administrators of the program.

The Coverage Restoration Program, a program of Alberta Agriculture which had been in effect from 1985 through 1987, was not renewed for 1988. The objective of this measure was to assist those who had experienced major reductions in their crop insurance coverage because of the widespread drouth during the 1983-85 period. While tied closely to crop insurance, it was not actually a part of the program. Payments totalling almost $50 million during the period the program was in effect are not reflected in crop insurance records and have not affected loss experience or premium calculations.

Honey Insurance Plan

The 1988 crop year was one of the better years on record for honey production, particularly in the Peace River area. On the downside, the Canada-U.S. border was closed to packaged bees due to a tracheal mite infestation in the United States bee stocks.

Most honey producers in Alberta rely to some extent on the import of packaged bees from the United States, while many are totally dependent on this source. As a result, many producers were unable to sustain a viable honey operation as reflected in substantially reduced participation in the honey insurance program.

Experience of the honey insurance program in 1988 and since its introduction in 1982 is as follows:

	1988	1982-88 Inclusive
Insureds	75	—
Risk	$1,790,411	$20,454,529
Hives Insured	58,090	—
Premium	$ 267,610	$ 2,719,922
Loss	$ 84,986	$ 4,344,565
Loss/premium ratio—%	31.76	159.73

Forage Insurance Program

This insurance plan for livestock producers was initiated in 1979 as the Hay and Pasture Insurance program, following several years in which drouth had caused critical shortages of livestock feed in Alberta. In 1986 it was renamed the Livestock Feed Security Program, and in 1988 the name was changed to the Forage Insurance Program.

This is an insurance program intended to provide livestock producers and farmers producing hay with the opportunity of insuring against a shortage of forage resulting from drouth. Under the plan farmers may either insure the feed supply for their livestock or the production of their hay crops. In 1988 those electing to insure their livestock feed supply were able to obtain coverage of $60 to $150 per animal unit, while those insuring their hay received coverage of $10 to $70 per acre, depending on their location.

Forage production as a percentage of normal is calculated by quarter-township using a computer model. This calculation mainly takes into account available moisture, but also other weather factors such as temperature and hours of sunshine. Calculations are then adjusted after comparing results with actual hay measurements. For 1988 a payment was triggered in those areas where it was calculated production fell below 80% of normal. The level of payment was 1¼% of coverage for each percentage shortfall below the 80% base. Since the program is area-based, all policyholders within a quarter-township were paid at the same rate.

The program, being relatively new in concept, was initiated as a pilot project and has gradually been expanded. In 1988 the program was available in all areas of the province.

In 1988 the critical months for forage production of April, May and June were unusually dry throughout most of the province. As a consequence, forage production was below normal in all but the extreme northern and northwestern areas of the province, and substantial losses were paid. Most policyholders qualified for payments which in total amounted to $44,059,235 or 41.68% of total coverage. The loss-to-premium ratio was 254%.

Recognizing the need for better acceptance of the forage insurance program and the unfavorable loss experience to date, a number of changes were implemented in 1988. These included:

(1) Placing increased emphasis on yield measurements;
(2) Adjustments to the premium payout schedules to assure actuarial soundness;
(3) Increased emphasis on education and public relations to promote better acceptance; and
(4) Expansion into the remainder of the province.

For the 1989 program considerations included expansion of the hay measurement program and the addition of a "pilot project" for cage measurements of pasture production in order to obtain additional data on actual hay and pasture yields as a means of increasing accuracy in calculating awards.

Summary of Experience for the Forage Insurance Program:

	1988	1987	Cumulative*
Policyholders	7,645	3,555	—
Acres Insured	304,380	97,219	—
Animal Units Insured	689,591	400,716	—
Actual Risk	$105,639,029	$53,501,190	$311,901,654
Total Premiums	$ 17,343,653	$ 8,872,859	$ 48,651,846
Number of Insureds Paid	6,536	3,555	—
Losses Paid	$ 44,059,235	$25,558,092	$106,898,361
Loss/Risk Ratio—%	41.68	47.77	34.20
Loss/Premium Ratio—%	254.04	288.05	219.56

*Fiscal years 1979-80 to 1988-89, inclusive

Price Options 1988-89

Grain Crops	Non-pedigreed	Pedigreed
	per tonne	per tonne
Spring Wheat	$110	$132
Durum Wheat	$115	$138
Utility Wheat	$ 90	$108
Winter Wheat	$ 85	$100
Soft Spring Wheat	$ 90	$108
Oats	$ 60	$ 72
Barley	$ 60	$ 78
Mixed Grain	$ 60	N/A
Fall Rye	$ 60	$ 70
Spring Rye	$ 70	$ 84
Canola	$240	$312
Mustard	$225	$247
Flax	$200	$260

Sunflowers	Only One Option
	per tonne
Confectionery	$264.00
Oilseed	$176.00

Safflower	Only One Option
	per tonne
	$209.00

Special Crops	Option #1	Option #2
	per tonne	per tonne
Grain Corn	$ 92	$138
Seed Peas	$200	$240
Dry Beans	$370	$490
Potatoes	$ 88	$110
Field Peas	$110	$170
Fababeans	$110	$160
Lentils	$200	$300
	per kilogram	per kilogram
Pedigreed Seed Alfalfa	$1.87	$2.76
Pedigreed Seed Fescue	$0.92	$1.43

Vegetable Crops for Processing	Option #1	Option #2	Option #3
	per acre	per acre	per acre
Peas	$307.93	$329.92	$351.92
Beans	$295.41	$316.51	$337.62
Corn	$266.71	$285.76	$304.81
Carrots	$360.35	$390.37	$420.40

Fresh Vegetable Crops	Only One Option
	per tonne
Sweet Corn	$180.00
Cabbage	$197.00
Rutabagas	$ 94.00
Carrots	$ 70.00
Onions	$134.00

Sugar Beets	Option #1	Option #2
	per tonne	per tonne
	$23.00	$35.00

Alfalfa for Processing	Option #1	Option #2
	per tonne	per tonne
	$28.00	$35.00

Honey	Only One Option
	per pound
	$.41

Financial Statements

March 31, 1989

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Auditor's Report

To the Board of Directors of the
Alberta Hail and Crop Insurance Corporation

I have examined the balance sheet of the Alberta Hail and Crop Insurance Corporation as at March 31, 1989 and the statements of revenue, expenditure and reserve - crop insurance and revenue, expenditure and reserve - hail insurance for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1989 and the results of its operations and the changes in its financial position for the year then ended in accordance with the disclosed basis of accounting, considered appropriate in the circumstances, as described in Note 2 to the financial statements applied on a basis consistent with that of the preceding year.

Donald D. Salmon

Edmonton, Alberta
August 10, 1989

Donald D. Salmon, FCA
Auditor General

Balance Sheet

As at March 31, 1989

	1989	1988
ASSETS		
General		
Current:		
Cash	$ 761,820	$ 816,317
Short-term investments (Note 4)	24,750,000	31,832,145
Accounts receivable	1,919,635	1,699,296
Accrued interest receivable	678,534	908,008
Due from Reinsurance Fund of Alberta	29,796,391	18,749,101
Due from Government of Canada	6,834,600	5,109,243
Due from Reinsurance Fund of Canada for Alberta	31,324,566	2,303,144
Due from trust	198,993	—
	96,264,539	61,417,254
Long-term investments (Note 4)	5,870,653	5,936,221
Fixed assets	1,221,652	767,387
	103,356,844	68,120,862
Trust, Schedule 3	406,160	2,688,888
	$103,763,004	$70,809,750

The accompanying notes are part of these financial statements.

	1989	1988
LIABILITIES		
General		
Current:		
Accounts payable	$ 318,369	$ 266,317
Salaries and commissions payable	273,599	290,056
Estimated indemnities payable	650,000	584,657
Premium refunds payable	3,857,150	2,674,205
Due to Province of Alberta	69,505,460	39,808,130
	74,604,578	43,623,365
Hail insurance reserve	27,530,614	23,730,110
Capital surplus	1,221,652	767,387
	103,356,844	68,120,862
Trust, Schedule 3	406,160	2,688,888
	$103,763,004	$70,809,750

Statement of Revenue, Expenditure and Reserve - Crop Insurance

For the Year Ended March 31, 1989

	1989	1988
REVENUE		
Premiums charged to insured persons	$ 61,819,114	$ 50,914,488
Province of Alberta premium contributions (Note 6)	5,528,741	4,314,965
	67,347,855	55,229,453
Government of Canada contributions (Note 3(i))	66,696,615	56,034,072
	134,044,470	111,263,525
Less amounts ceded (Note 3(ii)):		
Crop Reinsurance Fund of Canada for Alberta	20,008,984	16,810,221
Crop Reinsurance Fund of Alberta	20,008,984	16,810,221
	40,017,968	33,620,442
	94,026,502	77,643,083
Investment income	3,115,378	1,536,971
	97,141,880	79,180,054
EXPENDITURE		
Indemnities	161,573,099	99,273,372
Administration expenses, Schedule 1	8,852,986	6,956,273
	170,426,085	106,229,645
Deficit for the year before recoveries	73,284,205	27,049,591
Less amounts recovered:		
Recoveries from reinsurance funds (Note 3(iii))	64,431,219	20,093,318
Administration expenses recovered from the Province of Alberta (Note 7)	8,852,986	6,956,273
	73,284,205	27,049,591
Unrecovered deficit for the year	—	—
Reserve at beginning of year	—	—
Reserve at end of year	$ —	$ —

Statement of Revenue, Expenditure and Reserve - Hail Insurance

For the Year Ended March 31, 1989

	1989	1988
REVENUE		
Premiums charged	$14,556,504	$13,437,882
Deduct:		
Reinsurance costs	323,674	315,713
Cash discounts allowed	314,639	313,367
Premium refunds	3,863,325	2,668,361
	4,501,638	3,297,441
Premiums, net	10,054,866	10,140,441
Investment income	2,584,010	2,294,338
	12,638,876	12,434,779
EXPENDITURE		
Indemnities	7,131,316	8,677,275
Administration expenses, Schedule 2	1,707,056	1,673,599
	8,838,372	10,350,874
Surplus for the year	3,800,504	2,083,905
Reserve at beginning of year	23,730,110	21,646,205
Reserve at end of year	$27,530,614	$23,730,110

Notes to the Financial Statements

March 31, 1989

Note 1 Authority

The Alberta Hail and Crop Insurance Corporation operates under the authority of the Hail and Crop Insurance Act, Chapter H-1, Revised Statutes of Alberta 1980, as amended.

Note 2 Significant Accounting Policies and Reporting Practices

(i) These financial statements have been prepared in accordance with generally accepted accounting principles except that no depreciation has been provided on fixed assets as purchases are charged to operations in the year of acquisition. Fixed assets are shown on the balance sheet at cost with a corresponding credit shown as capital surplus.

(ii) Other significant accounting policies are as follows:

(a) **Crop Insurance Fund**

Contributions by the Government of Canada matching crop insurance premiums collected are included as income of the year the premiums are received. Amounts ceded to the Reinsurance Fund of Canada for Alberta and the Reinsurance Fund of Alberta are included as a deduction from revenue of the year the requirement to cede arose. Amounts recovered from the above Reinsurance Funds are included as a deduction from expenditure in the year the entitlement to recover arose.

(b) **Trust**

The Corporation is responsible for the administration of various agriculture-related programs of the Province of Alberta or of the Province of Alberta and the Government of Canada in addition to the Hail Insurance program and the Crop Insurance program. These are regarded as incidental to the main business of the Corporation, are grouped under the heading 'Trust', and are summarized on Schedules 3 and 4.

(c) **Changes in Financial Position**

A statement of changes in financial position is not provided as disclosure in these financial statements is considered to be adequate.

Note 3 Crop Insurance Program Agreement

An agreement between the Province of Alberta and the Government of Canada entered into pursuant to section 43 of the Hail and Crop Insurance Act provides:

(i) for contributions to be made by the Government of Canada matching the crop insurance premiums collected from insured persons;

(ii) that payments will be made to the Reinsurance Fund of Alberta and the Reinsurance Fund of Canada for Alberta based on crop insurance premiums collected plus the matching amount received or receivable from the Government of Canada; and

(iii) that crop indemnities in excess of crop insurance reserves will be drawn from the Reinsurance Fund of Alberta and the Reinsurance Fund of Canada for Alberta, in accordance with a formula set out in the agreement for dividing any such excess between the Province of Alberta and the Government of Canada.

Note 4 Investments

Investments are recorded at amortized cost and are summarized as follows:

	1989		1988	
	Short-term	**Long-term**	Short-term	Long-term
Bonds and debentures:				
Government of Canada direct and guaranteed	**$ —**	**$1,349,340**	$ 1,446,585	$1,345,848
Provincial, direct and guaranteed	**50,000**	**3,441,640**	—	3,488,746
Corporate	**—**	**1,079,673**	200,000	1,101,627
Guaranteed investment certificates and term deposits	**24,700,000**	**—**	30,185,560	—
	$24,750,000	**$5,870,653**	$31,832,145	$5,936,221
Approximate market value at March 31	**$24,749,050**	**$5,650,149**	$32,051,100	$5,934,787

Note 5 Reinsurance Funds

The balances in these funds, as at March 31, were as follows:

	Reinsurance Fund of Alberta		**Reinsurance Fund of Canada for Alberta**	
	1989	1988	**1989**	1988
Opening surplus (deficit)	**$(18,749,101)**	$(18,285,729)	**$(10,149,957)**	$(24,140,453)
Current year contributions	**20,008,984**	16,810,221	**20,008,984**	16,810,221
	1,259,883	(1,475,508)	**9,859,027**	(7,330,232)
Recoveries by the Corporation	**(31,056,274)**	(17,273,593)	**(33,374,945)**	(2,819,725)
Closing surplus (deficit)	**$(29,796,391)**	$(18,749,101)	**$(23,515,918)**	$(10,149,957)

Note 6 Province of Alberta Premium Contributions

In accordance with Crop Insurance Regulations proclaimed pursuant to the Hail and Crop Insurance Act, the Province of Alberta pays the insured person's portion of premium costs in excess of a stipulated percentage of the dollar coverage on grain and oilseed crops.

Note 7 Administration Expenses

All administration expenses relating to the crop insurance program have been paid by the Province of Alberta. Certain of these costs were common to the crop insurance and hail insurance programs and have been allocated to each on the basis of the number of insurance contracts processed in the year. Certain office accommodations have been provided by the Province of Alberta at no charge.

Note 8 Approval of Financial Statements

These financial statements have been approved by management.

Schedule 1

Schedule of Administration Expenses - Crop Insurance

For the Year Ended March 31, 1989

	1989	1988
Salaries and employee benefits	$3,502,286	$2,991,027
Adjusters' wages and expenses	3,106,886	2,227,405
Furniture and equipment	493,787	65,177
Advertising	272,852	220,447
Data processing	235,057	229,811
Printing, stationery and office supplies	217,947	183,545
Collection commissions and expenses	177,849	178,631
Fieldmen's wages and expenses	175,163	226,777
Postage and freight	166,383	114,168
Office rental costs	131,133	95,504
Travel and automobile expenses	106,535	65,183
Directors' fees and expenses	93,757	116,064
Telephone	50,544	51,918
Grain grading costs	34,427	60,102
Research	17,978	83,149
Miscellaneous	70,402	47,365
	$8,852,986	$6,956,273

Schedule 2

Schedule of Administration Expenses - Hail Insurance

For the Year Ended March 31, 1989

	1989	1988
Agents' commissions	$ 966,677	$ 958,396
Salaries and employee benefits	352,876	339,779
Adjusters' wages and expenses	111,533	132,609
Advertising	91,410	72,538
Data processing	42,467	40,983
Printing, stationery and office supplies	28,172	25,654
Postage and freight	24,915	21,442
Furniture and equipment	23,286	11,053
Collection commissions and expenses	22,037	18,724
Directors' fees and expenses	17,856	25,478
Travel and automobile expenses	14,787	11,775
Telephone	3,293	2,120
Miscellaneous	7,747	13,048
	$1,707,056	$1,673,599

Schedule 3

Schedule of Trust Assets and Liabilities

As at March 31, 1989

	Wildlife Support Program	Alberta Crop Insurance Coverage Restoration Program	Canada - Alberta Drought Assistance Programs	Total 1989	Total 1988
ASSETS					
Cash	$394,467	$ —	$ —	$394,467	$2,659,198
Claim overpayments recoverable	—	3,707	—	3,707	9,840
Accrued interest receivable	7,986	—	—	7,986	19,850
	$402,453	$ 3,707	$ —	$406,160	$2,688,888
LIABILITIES					
Accounts payable	$ 1,100	$ —	$ —	$ 1,100	$ 1,000
Estimated claims payable	39,996	—	—	39,996	100,000
Due to (from) general	111,699	(21,479)	108,773	198,993	—
Unexpended funds (deficit)	—	25,186	(108,773)	(83,587)	2,459,582
Due to Province of Alberta	249,658	—	—	249,658	128,306
	$402,453	$ 3,707	$ —	$406,160	$2,688,888

Schedule 4

Schedule of Trust Revenue, Expenditure and Unexpended Funds

For the Year Ended March 31, 1989

	Wildlife Support Program	Alberta Crop Insurance Coverage Restoration Program	Canada - Alberta Drought Assistance Programs	Total 1989	Total 1988
REVENUE					
Contributions from the Province of Alberta	$1,247,166	$ —	$250,000	$1,497,166	$ 6,097,817
Interest income	12,762	83,893	—	96,655	704,236
	1,259,928	83,893	250,000	1,593,821	6,802,053
EXPENDITURE					
Claims, net of recoveries	1,145,271	(18,037)	—	1,127,234	4,559,763
Administration expenses	114,657	180	358,773	473,610	148,550
	1,259,928	(17,857)	358,773	1,600,844	4,708,313
Excess (deficiency) of revenue over expenditure	—	101,750	(108,773)	(7,023)	2,093,740
Unexpended funds at beginning of year	—	2,459,582	—	2,459,582	7,944,914
	—	2,561,332	(108,773)	2,452,559	10,038,654
Funds returned to Province of Alberta	—	(2,536,146)	—	(2,536,146)	(7,579,072)
Unexpended funds (deficit) at end of year	$ —	$ 25,186	$(108,773)	$ (83,587)	$ 2,459,582

Appendices

Appendix A

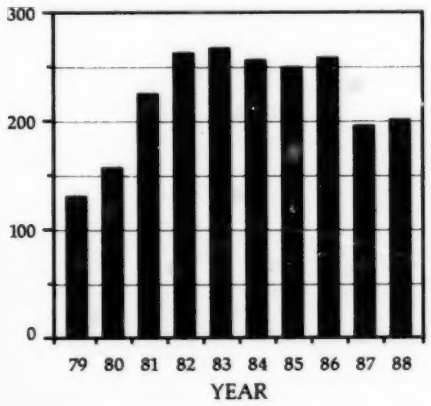
Alberta Hail Insurance Program

Comparative Hail Insurance Statistics

	1988	1987	1986	51-Year Average
Number of Policies	8,604	8,375	10,366	—
Acres Insured	2,894,976	2,923,530	3,638,704	2,504,126
Risk	$201,009,609	$194,895,793	$254,208,578	$65,500,315
Net Premium	$ 14,556,504	$ 13,124,515	$ 16,815,868	$ 4,363,814
No. of Days with Hail	30	44	46	51
No. of Claims Paid	1,095	1,729	1,527	2,239
Indemnities	$ 7,131,316	$ 8,677,275	$ 8,606,569	$ 3,062,580
Loss/Risk Ratio	3.55%	4.45%	3.38%	4.68%
Loss/Premium Ratio	48.99%	66.11%	51.18%	70.18%

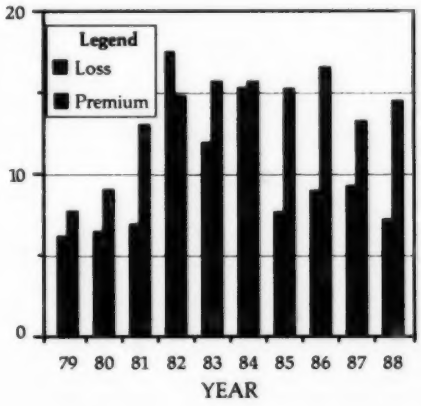
Risk by Year

MILLIONS OF DOLLARS



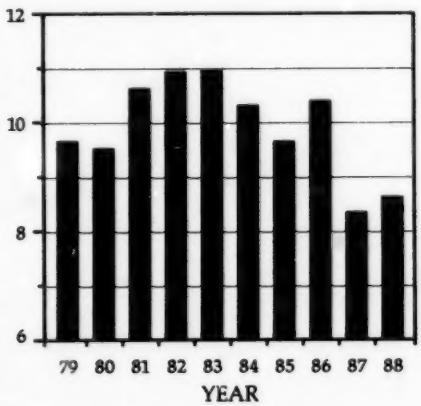
Premium and Loss by Year

MILLIONS OF DOLLARS



Number of Contracts by Year

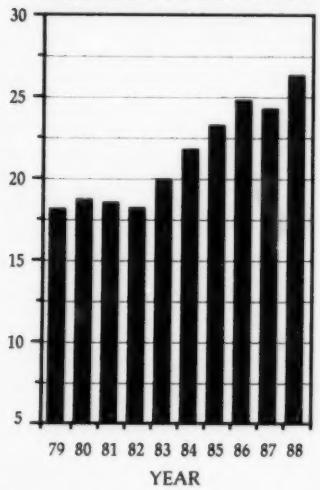
THOUSANDS OF CONTRACTS



Appendix B

Canada-Alberta Crop Insurance Statistics

Number of Contracts by Year



1988 Participation and Experience for

Risk Area	No. of Policies	No. of Acres	Basic Risk	Basic Crop Premium	Basic Crop Loss	Basic Crop L/P Ratio (%)	No. with Hail End.
1	1,447	1,016,727	$ 46,133,044	$ 7,455,096	$14,529,767	194.9	1,353
2	1,697	891,460	52,482,509	5,899,745	11,116,995	188.4	1,485
3	2,229	897,091	71,472,469	6,911,137	12,973,763	187.7	1,875
4	1,647	853,192	48,192,493	5,212,245	6,961,559	133.6	1,505
5	3,044	1,557,762	101,567,079	8,794,822	6,868,492	78.1	2,772
6	2,267	777,209	53,268,298	4,288,159	1,459,573	34.0	2,324
7	1,155	288,863	18,004,897	1,446,709	248,299	17.2	1,154
8	5,055	2,178,599	143,971,083	12,446,175	12,026,242	96.6	4,902
9	807	222,091	12,607,419	1,749,931	649,758	37.1	690
10	1,339	349,064	20,680,512	2,227,582	426,914	19.2	1,240
11	3,721	1,359,716	72,033,373	15,766,191	3,712,275	23.5	2,543
12	1,833	938,545	43,321,165	5,606,325	22,520,516	401.7	1,445
13	118	22,534	1,008,041	114,610	7,699	6.7	115
14	86	18,074	786,903	107,918	5,825	5.4	68
TOTALS	26,445	11,370,927	$685,529,285	$78,026,645	$93,507,677	119.8	23,471

Cumulative Experience for Grain,

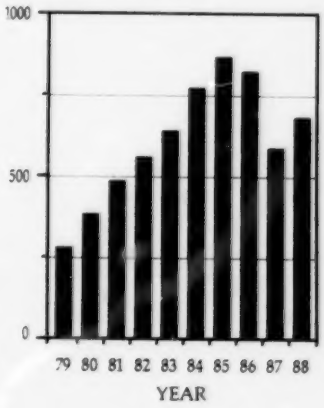
Risk Area	Basic Risk	Basic Crop Premium	Basic Crop Loss*	Basic Crop L/P Ratio (%)
1	$ 612,634,994	$ 54,806,885	$127,322,542	232.3
2	614,933,116	51,525,651	78,765,937	152.9
3	723,124,814	70,224,183	85,577,249	121.9
4	544,061,983	45,605,746	58,384,051	128.0
5	1,384,086,410	86,342,562	116,933,538	135.4
6	667,757,104	41,149,173	45,503,384	110.6
7	177,740,598	15,163,412	12,612,286	83.2
8	1,215,065,105	97,931,743	97,012,363	99.1
9	109,389,542	16,318,034	11,808,548	72.4
10	198,087,467	22,098,114	15,047,278	68.1
11	733,632,840	131,878,317	127,397,147	96.6
12	530,911,397	59,346,110	89,286,596	150.5
13	10,767,485	1,791,584	1,012,003	56.5
14	8,799,422	1,571,750	1,258,328	80.1
TOTALS	$7,530,992,277	$695,753,264	$867,921,250	124.7

Grain, Oilseed, Pedigreed and Special Crops

Hail End. Risk	Hail End. Premium	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
$ 40,138,468	$ 2,003,966	$ 2,181,951	108.9	$ 9,459,062	$ 16,711,718	174.8
41,979,143	2,385,362	659,011	27.6	8,285,107	11,776,006	142.1
56,923,455	3,122,020	824,653	26.4	10,033,157	13,798,416	137.5
41,437,106	3,321,950	2,174,632	65.5	8,534,195	9,136,191	107.1
86,634,441	6,630,580	1,613,737	24.3	15,425,402	8,482,229	55.0
51,980,232	5,166,634	4,496,571	87.0	9,454,793	5,956,144	63.0
17,336,148	1,191,068	544,015	45.7	2,637,777	792,314	30.0
130,874,013	9,313,980	5,739,623	61.6	21,760,155	17,765,865	81.6
10,959,197	578,060	98,996	17.1	2,327,991	748,754	32.2
18,339,369	1,134,092	218,992	19.3	3,361,674	645,906	19.2
50,777,875	2,399,502	325,448	13.6	18,165,693	4,037,723	22.2
29,659,720	1,301,122	356,349	27.4	6,907,447	22,876,865	331.2
869,981	53,882	12,529	23.3	168,492	20,228	12.0
530,105	23,350	181	.8	131,268	6,006	4.6
$578,439,253	$38,625,568	$19,246,688	49.8	$116,652,213	$112,754,365	96.7

Risk by Year

MILLIONS OF DOLLARS



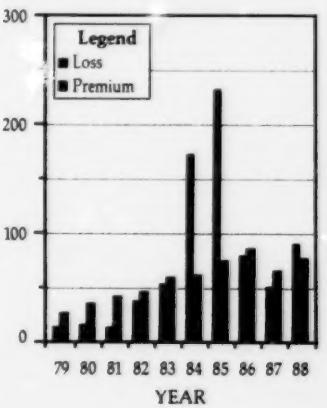
Oilseed, Pedigreed and Special Crops

Hail End. Risk	Hail End. Premium	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
$ 480,086,382	$ 23,365,144	$ 15,729,483	67.3	$ 78,172,029	$ 143,052,025	183.0
445,681,536	21,680,090	17,447,225	80.5	73,205,741	96,213,162	131.4
569,916,553	29,081,181	23,973,398	82.4	99,305,364	109,550,647	110.3
406,619,122	26,577,412	25,966,546	97.7	72,183,158	84,350,597	116.9
1,001,815,571	74,718,901	37,787,987	50.6	161,061,463	154,721,525	96.1
550,369,994	51,356,988	41,405,735	80.6	92,506,161	86,909,119	93.9
148,823,780	8,852,809	8,410,582	95.0	24,016,221	21,022,868	87.5
938,792,084	54,238,455	45,163,604	83.3	152,170,198	142,175,967	93.4
82,568,831	3,436,933	1,918,530	55.8	19,754,967	13,727,078	69.5
143,990,122	7,994,278	4,558,348	57.0	30,092,392	19,605,626	65.2
452,650,740	17,857,434	7,636,471	42.8	149,735,751	135,033,618	90.2
396,225,755	17,617,959	9,786,642	55.5	76,964,069	99,073,238	128.7
8,302,451	474,725	205,391	43.3	2,266,309	1,217,394	53.7
4,683,260	162,874	53,502	32.8	1,734,624	1,311,830	75.6
$5,630,526,181	$337,415,183	$240,043,444	71.1	$1,033,168,447	$1,107,964,694	107.2

Premium and Loss by Year

(Excluding Hail Endorsement and Forage Insurance)

MILLIONS OF DOLLARS



1988 Summary of Experience for Grain and Oilseed Crops*

(Excluding Hail Endorsement)

Crop	First Year Insured	Premium**	Loss	L/P Ratio (%)
Spring Wheat	1965	$23,198,652	$39,463,366	170.1
Oats	1965	2,641,287	2,096,397	79.4
Barley	1965	12,481,784	10,960,868	87.8
Flax	1971	154,527	157,840	102.1
Fall Rye	1974	144,592	434,375	300.4
Canola	1969	28,528,622	21,345,881	74.8
Spring Rye	1975	30,988	111,067	358.4
Mustard	1975	398,353	867,885	217.9
Mixed Grain	1975	393,477	593,797	150.9
Winter Wheat	1975	720,972	2,095,572	290.7
Utility Wheat	1976	257,986	424,039	164.4
Durum Wheat	1980	6,140,796	12,704,278	206.9
Soft White Spring Wheat	1982	487,029	590,850	121.3
TOTAL		$75,579,065	$91,846,215	121.5

*Includes Pedigreed Seed Crops

**Includes Federal Contribution and Provincial High Risk Subsidies

1988 Insured Acreage for Grain and Oilseed Crops*

Risk Area	Spring Wheat	Oats	Barley	Flax	Fall Rye	Spring Rye
1	368,918	29,878	410,105	303	6,108	5
2	306,751	9,553	165,944	1,874	9,720	983
3	348,946	6,655	63,942	5,884	2,490	240
4	392,491	59,468	140,385	4,063	3,741	1,875
5	563,234	52,060	546,423	1,142	15,433	9
6	80,654	45,886	463,705	50	1,984	0
7	46,364	38,973	139,464	320	105	0
8	745,856	119,292	469,638	2,265	1,767	1,614
9	33,556	22,171	70,781	200	0	45
10	38,862	47,509	165,847	410	20	15
11	445,286	53,674	206,815	3,360	909	0
12	587,663	63,163	45,820	1,600	12,200	5,914
13	1,891	5,892	9,153	165	0	0
14	1,044	3,264	5,417	0	0	0
PROVINCE	3,961,516	557,438	2,903,439	21,636	54,477	10,700

*Includes Pedigreed Seed Acreage

Cumulative Experience for Grain and Oilseed Crops*

(Excluding Hail Endorsement)

Crop	Premium**	Loss	L/P Ratio (%)
Spring Wheat	$252,790,436	$322,457,120	127.6
Oats	31,533,266	32,751,220	103.9
Barley	195,747,919	236,966,198	121.1
Flax	4,392,507	5,903,648	134.4
Fall Rye	1,728,341	2,341,903	135.5
Canola	147,476,220	168,052,768	114.0
Spring Rye	317,321	454,073	143.1
Mustard	2,765,045	5,599,042	202.5
Mixed Grain	3,685,565	4,633,767	125.7
Winter Wheat	8,309,537	15,414,521	185.5
Utility Wheat	4,581,192	7,769,085	169.6
Durum Wheat	26,447,335	47,769,828	180.6
Soft White Spring Wheat	7,206,481	9,252,330	128.4
TOTAL	$686,981,165	$859,365,503	125.1

*Includes Pedigreed Seed Crops
**Includes Federal Contribution and Provincial High Risk Subsidies

Canola	Mustard	Mixed Grain	Winter Wheat	Utility Wheat	Durum Wheat	SWS Wheat	All Crops Total
68,957	14,813	4,255	26,304	4,861	80,160	1,134	1,015,801
87,153	14,755	1,707	33,383	7,048	219,638	21,554	880,063
54,729	10,692	605	31,626	5,447	249,451	61,216	841,923
222,023	4,211	8,469	3,126	630	8,598	0	849,080
324,984	2,498	12,749	10,574	7,501	15,[illegible]36	539	1,552,482
158,657	0	10,478	881	6,602	0	0	768,897
56,510	0	3,704	0	909	0	0	286,349
814,620	0	11,900	515	1,861	618	0	2,169,946
92,289	0	1,824	0	299	0	0	221,165
85,198	0	3,290	0	1,992	0	0	343,143
572,294	0	268	1,905	1,876	0	0	1,286,387
48,462	4,942	13,708	18,506	1,294	126,382	6,083	935,737
4,996	0	246	0	20	0	0	22,363
8,040	0	135	0	0	0	0	17,900
2,598,912	51,911	73,338	126,820	40,340	700,183	90,526	11,191,236

*Includes Pedigreed Seed Acreage

1988 Summary of Experience for Special Crops

Crop	Number Insured	Acres Insured	Basic Premium	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Seed Peas	81	5,897	$ 91,127	$ 1,115,983	$ 72,831	79.9
Fababeans	7	397	5,129	25,723	277	5.4
Dry Beans	160	17,072	314,343	3,832,113	81,168	25.8
Lentils	32	2,457	32,508	198,128	94,439	290.5
Potatoes	43	7,769	291,138	5,817,654	40,321	13.9
Grain Corn	27	6,404	122,975	1,249,101	—	—
Ped. Alfalfa Seed	45	5,432	126,769	1,283,796	13,780	10.9
Alfalfa-Processing	263	62,294	298,868	2,304,626	5,760	1.9
Ped. Cr. R. Fescue	19	3,212	55,622	416,561	22,067	39.7
Field Peas	448	43,625	497,571	3,013,453	252,962	50.8
Sunflowers	13	1,551	14,928	158,133	56,883	381.0
Safflower	27	4,072	26,992	219,139	93,233	345.4
Sugar Beets	194	14,182	303,437	6,155,064	152,618	50.3
Fresh Vegetables	27	761	93,931	785,514	17,159	18.3
TOTALS	1,386	175,125	$2,275,338	$26,574,986	$903,498	39.7

Cumulative Summary of Experience for Special Crops

Seed Peas, Dry Beans 1976-1988; Potatoes 1975-1988; Sunflowers 1985-1988; Fresh Vegetables 1987-1988;

Crop	Number Insured	Acres Insured	Basic Premium	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Seed Peas		39,527	$ 531,743	$ 5,794,137	$ 221,358	41.6
Fababeans		569	6,877	34,606	1,334	19.4
Dry Beans		95,555	1,854,285	19,639,828	1,085,736	58.6
Lentils		12,824	171,686	1,020,038	235,140	137.0
Potatoes		63,857	1,923,862	38,772,107	2,057,444	106.9
Grain Corn		42,190	934,444	9,250,813	855,897	91.6
Ped. Alfalfa		16,215	338,420	3,579,166	220,786	65.2
Alfalfa-Processing		123,702	664,055	4,401,962	100,853	15.2
Ped. Cr. R. Fescue		6,673	95,070	738,714	77,087	81.1
Field Peas		67,305	769,945	4,636,571	736,627	95.7
Sunflowers		9,366	92,460	1,058,952	98,586	106.6
Safflower		4,072	26,992	219,139	93,233	345.4
Sugar Beets		35,029	794,770	15,404,423	455,367	57.3
Fresh Vegetables		2,837	183,177	1,389,568	113,407	61.9
TOTALS		519,721	$8,387,786	$105,940,024	$6,352,855	75.7

1988 Summary of Experience for Processing Vegetable Crops

Crop	Number Insured	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Peas	52	2,270	$ 89,811	$ 798,088	$149,162	166.1
Beans	8	218	10,322	73,600	12,819	124.2
Carrots	3	59	2,857	24,804	—	—
Corn	30	1,861	63,784	567,251	—	—
TOTALS	93	4,408	$166,774	$1,463,743	$161,981	97.1

Cumulative Summary of Experience for Processing Vegetable Crops

Crop	Number Insured	Acres Insured	Basic Premium*	Basic Risk	Basic Loss	Basic L/P Ratio (%)
Peas	1,363	77,254	$1,563,493	$15,514,031	$1,501,633	96.0
Beans	266	8,524	266,403	1,835,484	198,055	74.3
Carrots	32	313	30,014	213,541	8,830	29.4
Corn	492	33,098	786,005	6,752,042	716,513	91.2
TOTALS	2,153	119,189	$2,645,915	$24,315,098	$2,425,031	91.6

*Includes Pedigreed Seed Totals

Summary of Experience for Basic Program and Hail Endorsement for Grain, Oilseed and Special Crops by Year

(Hail Endorsement available since 1973)

Year	No. of Insureds	Acres Insured '000	Total Risk '000
1965	1,312	250	$ 3,232
1966	4,408	991	13,460
1967	9,892	2,271	36,857
1968	15,763	3,910	63,950
1969	16,201	3,561	57,105
1970	12,856	2,306	31,941
1971	11,323	2,429	33,310
1972	10,202	2,314	37,073
1973	12,296	3,201	73,399
1974	13,883	3,838	125,863
1975	18,685	5,113	215,976
1976	18,580	5,343	229,289
1977	20,878	6,301	279,520
1978	19,258	5,908	259,967
1979	18,253	5,882	280,471
1980	18,862	6,640	381,048
1981	18,638	7,009	483,148
1982	18,323	7,204	547,384
1983	20,050	8,289	663,600
1984	21,939	9,292	760,839
1985	23,431	10,575	863,035
1986	24,994	11,166	825,200
1987	24,500	10,350	592,194
1988	26,445	11,370	685,529
TOTAL	400,972	135,513	$7,543,390

Hail End. No. Insured	Hail End. Premium	Hail End. Risk	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
54	$ 81,206	$ 1,090,493	$ 81,575	100.5	$ 172,333	$ 154,406	89.6
7	1,802	25,723	1,134	62.9	6,931	1,411	20.3
143	235,460	2,832,827	87,592	37.2	549,803	168,760	30.7
25	11,570	178,053	4,534	39.2	44,078	98,973	224.5
39	256,218	5,139,036	198,491	77.5	547,356	238,812	43.6
24	73,616	1,249,106	—	—	196,591	—	—
33	51,334	865,387	1,171	2.3	178,103	14,951	8.4
—	N/A	N/A	N/A	N/A	298,868	5,760	1.9
6	16,846	290,086	—	—	72,468	22,067	30.5
415	240,926	2,703,830	153,937	63.9	738,497	406,899	55.1
12	6,028	118,701	—	—	20,956	56,883	271.4
11	9,432	201,494	—	—	36,424	93,233	256.0
124	131,342	3,619,632	70,612	53.8	434,779	223,230	51.3
20	41,192	580,666	57,391	140.5	135,123	75,050	55.5
913	$1,156,972	$18,895,034	$656,937	56.8	$3,432,310	$1,560,435	45.5

Grain Corn 1981-1988; PS Alfalfa, PS Fescue 1984-1988; Safflower 1988; Fababeans, Lentils 1987-1988; Field Peas 1987-1988

Hail End. No. Insured	Hail End. Premium	Hail End. Risk	Hail End. Loss	Hail End. L/P Ratio (%)	Total Premium	Total Loss	Total L/P Ratio (%)
	$ 351,941	$ 5,348,353	$ 421,865	119.9	$ 883,684	$ 643,223	72.8
	2,470	34,606	1,670	67.6	9,347	3,004	32.1
	876,990	12,648,966	582,523	66.4	2,731,275	1,668,259	61.1
	69,980	920,421	49,305	70.5	241,666	284,445	117.7
	1,875,510	33,559,030	1,237,350	66.0	3,799,372	3,294,794	86.7
	526,449	8,845,881	233,634	44.4	1,460,893	1,089,531	74.6
	130,533	2,344,044	24,561	18.8	468,953	245,347	52.3
	N/A	N/A	N/A	N/A	664,055	100,853	15.2
	24,574	468,767	4,913	20.0	119,644	82,000	68.5
	368,146	4,158,323	337,667	91.7	1,138,091	1,074,294	94.4
	55,403	1,003,724	34,176	61.7	147,863	132,762	89.8
	9,432	201,494	—	—	36,424	93,233	256.0
	339,098	6,417,007	206,159	60.8	1,133,868	661,526	58.3
	103,600	1,387,769	62,055	59.9	286,777	175,462	61.1
	$4,734,126	$77,338,385	$3,195,878	67.5	$13,121,912	$9,548,733	72.8

HAIL ENDORSEMENT NOT OFFERED FOR PROCESSING VEGETABLE CROPS

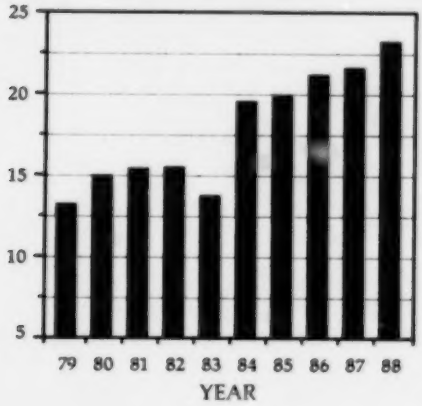
Premium			Loss			
Basic '000	Hail End. '000	Total '000	Basic '000	Hail End. '000	Total '000	L/P Ratio (%)
$ 291		$ 291	$ 48		$ 48	16.5
1,004		1,004	315		315	31.4
2,573		2,573	1,200		1,200	46.6
4,598		4,598	5,508		5,508	119.8
4,180		4,180	6,298		6,298	150.6
2,801		2,801	1,699		1,699	60.7
2,926		2,926	2,410		2,410	82.4
2,802		2,802	2,119		2,119	75.6
5,660	$ 2,330	7,990	5,671	$ 765	6,436	80.5
10,510	3,948	14,458	11,695	2,111	13,806	95.5
20,657	6,742	27,399	11,284	7,072	18,356	66.9
22,969	7,580	30,549	9,692	6,808	16,500	54.0
27,263	9,692	36,955	33,225	4,905	38,130	103.2
26,932	9,512	36,444	14,791	7,895	22,686	62.2
28,138	11,134	39,272	14,129	12,717	26,846	68.3
36,300	17,136	53,436	14,741	17,285	32,026	59.9
42,722	22,446	65,168	13,110	13,680	26,790	41.1
44,254	25,702	69,956	30,615	31,796	62,411	89.2
52,824	33,294	86,118	51,208	25,405	76,613	89.0
56,164	40,868	97,032	173,943	38,003	211,946	218.4
70,660	46,820	117,480	236,144	23,475	259,619	221.0
85,788	45,064	130,852	82,777	21,839	104,616	79.9
66,722	33,424	100,146	52,349	24,159	76,508	76.4
78,027	38,626	116,653	93,508	19,247	112,755	96.7
$696,765	$354,318	$1,051,083	$868,479	$257,162	$1,125,641	107.1

1988 Hail Endorsement Experience for Grain and Oilseed Crops

Crop	Acres	Total Risk	Total Premium	Total Loss	L/R Ratio (%)	L/P Ratio (%)
Spring Wheat	3,260,978	$192,199,785	$ 9,943,350	$ 5,704,829	3.0	57.4
Oats	468,467	15,394,488	846,992	381,458	2.5	45.0
Barley	2,614,391	117,753,469	7,128,418	4,503,937	3.8	63.2
Flax	18,724	1,183,801	63,240	11,251	1.0	17.8
Fall Rye	47,427	1,156,430	65,408	145,209	12.6	222.0
Canola	2,274,152	178,599,406	16,746,618	6,804,594	3.8	40.6
Spring Rye	8,01[illegible]	146,632	6,456	10,079	6.9	156.1
Mustard	44,681	2,444,795	198,812	68,906	2.8	34.7
Mixed Grain	67,125	2,641,721	155,436	50,766	1.9	32.7
Winter Wheat	116,197	5,059,784	242,956	213,110	4.2	87.7
Utility Wheat	33,393	2,027,444	120,492	73,421	3.6	60.9
Durum Wheat	543,041	30,506,548	1,397,202	520,706	1.7	37.3
SWS Wheat	89,175	10,429,916	553,216	101,485	1.0	18.3
TOTALS	9,585,763	$559,544,219	$37,468,596	$18,589,751	3.3	49.6

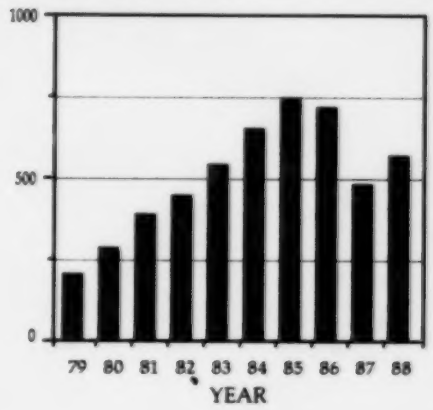
Number of Contracts By Year

THOUSANDS OF CONTRACTS



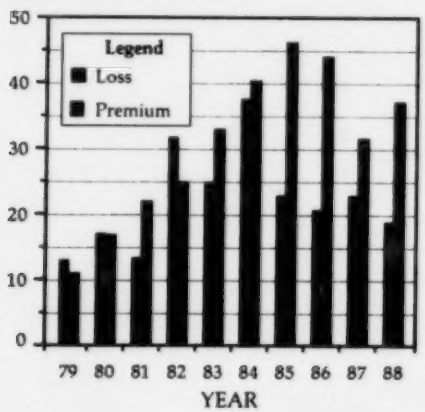
Risk by Year

MILLIONS OF DOLLARS



Premium and Loss by Year

MILLIONS OF DOLLARS



ALBERTA HAIL AND CROP INSURANCE CORPORATION

Supervisory Regions Showing Locations

Regional Office ●
District Office ○
Head Office ☆

① Cardston
Pincher Creek
Lethbridge
Warner
Foremost
Medicine Hat
Taber
Claresholm
Vulcan
Brooks

② High River
Strathmore
Calgary
Didsbury
Three Hills
Oyen
Hanna
Morrin

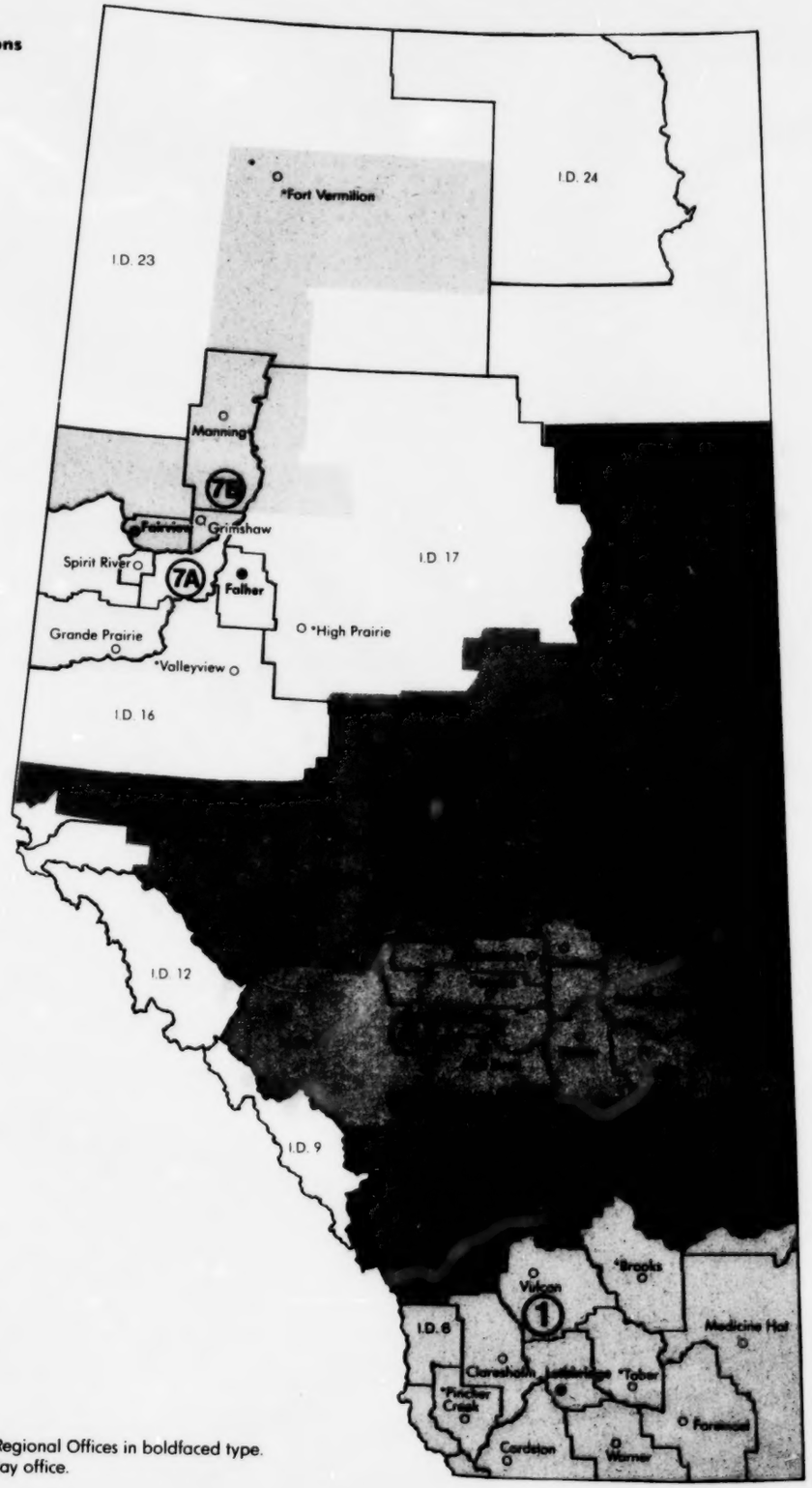
④ Stettler
Castor
Sedgewick
Red Deer
Lacombe
Ponoka
Wetaskiwin
Camrose

⑤ Ryley
Vegreville
Kitscoty
*St. Paul
Provost
Wainwright
*Bonnyville
*Smoky Lake
Two Hills
Lamont

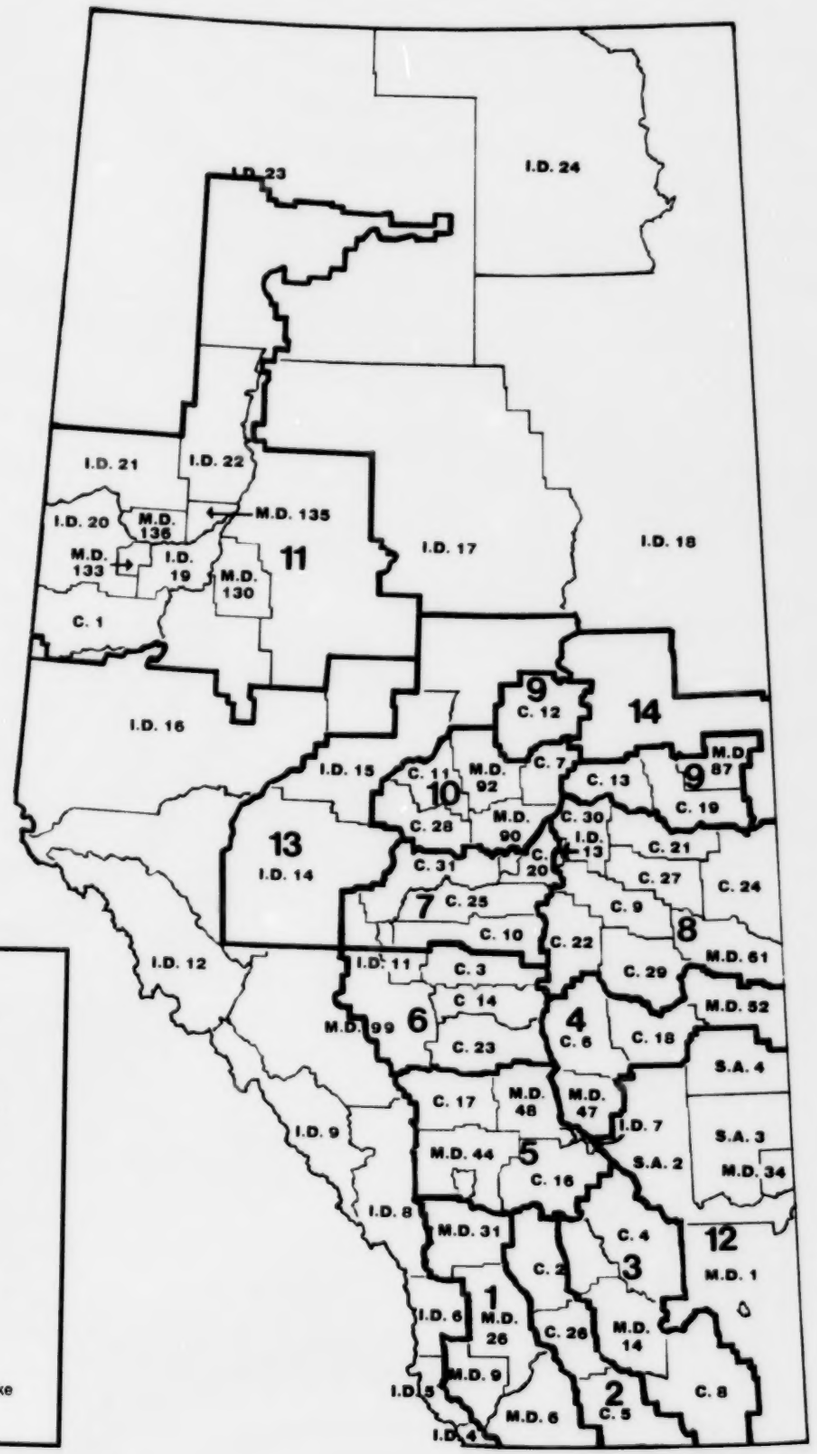
⑥ Leduc
Thorhild
Morinville
**Stony Plain
Westlock
Barrhead
Sangudo
*Evansburg
Athabasca

7A **Falher**
Grande Prairie
Spirit River
*Valleyview
*High Prairie

7B **Fairview**
Grimshaw
Manning
*Fort Vermilion



*These offices open half-days only. Regional Offices in boldfaced type.
**Opened February 1989 as a half-day office.



Crop Insurance Risk Areas

1. High River - Cardston
2. Vulcan - Warner
3. Taber - Forty Mile
4. Drumheller - Provost
5. Calgary North
6. Red Deer - Ponoka
7. Edmonton South
8. Camrose - Vermilion
9. Athabasca - St. Paul
10. Edmonton North
11. Peace River
12. Special Areas
13. Edson - Slave Lake
14. Lac La Biche - Cold Lake